

**ACCOUNTANT'S AUDIT REPORT**

**LUGERT-ALTUS  
IRRIGATION DISTRICT**

**DECEMBER 31, 2013**

BY



**Lugert-Altus Irrigation District**  
**Altus, Oklahoma**  
**Year Ended December 31, 2013**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Lugert-Altus Irrigation District  
Altus, Oklahoma

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Lugert Altus Irrigation District as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Lugert Altus Irrigation District, as of December 31, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 18-21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2014, on our consideration of Lugert Altus Irrigation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lugert Altus Irrigation District's internal control over financial reporting and compliance.

*Furrh and Associates, PC*

Furrh & Associates, PC

Lawton, Oklahoma

June 20, 2014

**Lugert-Altus Irrigation District**  
**Altus, Oklahoma**  
**Statement of Assets, Liabilities, and Net Assets**  
**December 31, 2013**

**ASSETS**

**Current Assets**

Cash on Hand and in Banks	\$ 49,855	
Cash - Temporary Investments	1,832,624	
Accounts Receivable - Trade	171,805	
Temporary Investments - Due After 90 Days	98,000	
Prepaid Expense	54,277	
Inventory - Pipe for Sale	19,224	
Accrued Interest Receivable	741	
Total Current Assets		\$ 2,226,526

**Fixed Assets**

Furniture and Fixtures	\$ 49,620	
Accumulated Depreciation	(45,262)	4,358
Machinery and Equipment	1,900,176	
Accumulated Depreciation	(1,499,927)	400,249
Autos, Trucks, and Trailers	831,101	
Accumulated Depreciation	(752,228)	78,873
Station and Shop Equipment	45,883	
Accumulated Depreciation	(40,941)	4,942
Land, Buildings, and Grounds	298,735	
Accumulated Depreciation	(141,769)	156,966
Canal Improvements	2,971,521	
Accumulated Depreciation	(1,422,604)	1,548,917
Right-of-Way		1,641
Irrigation Plant		3,262,188
Total Fixed Assets		5,458,134

**Other Assets**

Unamortized Debt Issue Costs	7,150
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<b>Total Assets</b>	<b><u><u>\$ 7,691,810</u></u></b>
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Please see accompanying notes to the financial statements.

## LIABILITIES AND NET ASSETS

Compensated Absence Liability	39,717	
Accounts Payable	<u>\$ 6,128</u>	
Total Current Liabilities		\$ 45,845

Maintenance Reserve - Ozark Canal	58,000	
Total Deferred Revenues		58,000

Total Liabilities and Deferred Revenues	\$ 103,845
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City of Altus Equity in Physical Plant	1,080,000	
Invested in Fixed Assets (Net of Related Debt and Altus Equity)	4,378,134	
Unrestricted	<u>2,129,831</u>	
Total Net Assets		7,587,965

<b>Total Liabilities and Net Assets</b>	<b>\$ 7,691,810</b>
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Please see accompanying notes to the financial statements.

# **Lugert-Altus Irrigation District**

**Altus, Oklahoma**

## **Statement of Revenue and Expenditures**

**Year Ended December 31, 2013**

### **REVENUE**

#### **Operating Revenues**

Assessments and Penalties	\$	694,614
Bureau of Reclamation Reimbursements		40,632
Grant Income		31,552
Miscellaneous Revenue		28,502
Water Sales and Penalties		<u>1,730</u>

Total Operating Revenues \$ 797,030

### **EXPENDITURES**

#### **Operating Expenditures**

Operations and Maintenance	807,378
General and Administrative	470,969
Depreciation and Amortization	<u>198,748</u>

Total Operating Expenditures 1,477,095

**Net Revenue (Loss) from Operations (680,065)**

#### **Nonoperating Revenue (Expense)**

Interest Earned	6,834
Interest on Long-Term Debt	<u>(1,192)</u>

Total Nonoperating Revenue (Expense) 5,642

**Net Revenue (Loss) \$ (674,423)**

Please see accompanying notes to the financial statements.

# Lugert-Altus Irrigation District

Altus, Oklahoma

## Statement of Operating Expenditures

Year Ended December 31, 2013

### **Operations and Maintenance Expenditures**

Salaries & Payroll Taxes	\$	553,600	
Repairs and Maintenance - Canals and Laterals		82,066	
Fuel, Propane, Gas and Oil		75,396	
Weed Control and Chemicals		40,872	
Repairs and Maintenance - Dam		13,379	
Repairs and Maintenance - Buildings and Grounds		11,948	
Repairs and Maintenance - Equipment		11,633	
Repairs and Maintenance - Pickups and Cars		11,075	
Repairs and Maintenance - Trucks and Trailers		4,151	
Station, Shop, and Welding Expense		2,473	
Underground Drainage		605	
Repairs and Maintenance - Radios		180	
Total Operations and Maintenance			\$ 807,378

### **General and Administrative Expenditures**

Employee Insurance		202,416	
Salaries & Payroll Taxes		119,262	
Insurance and Bonds		46,509	
Pension Expense		31,293	
Miscellaneous		22,877	
Travel and Entertainment		21,755	
Engineering Expense		7,500	
Utilities and Telephone		6,642	
Legal and Accounting		5,600	
Office Supplies and Expense		5,212	
Dues and Subscriptions		1,903	
Total General and Administrative			470,969

### **Miscellaneous Expenditures**

Depreciation and Amortization	198,748	<u>198,748</u>
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<b>Total Operating Expense</b>	<b>\$</b>	<b><u><u>1,477,095</u></u></b>
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Please see accompanying notes to the financial statements.



# **Lugert-Altus Irrigation District**

**Altus, Oklahoma**

## **Statement of Changes in Net Assets**

**Year Ended December 31, 2013**

<u>Net Assets, December 31, 2012</u>	\$	8,254,550
Net Revenue (Loss), Year Ended December 31, 2013		(674,423)
Prior Period Adjustment		<u>7,838</u>
<u><b>Net Assets, December 31, 2013</b></u>	<u>\$</u>	<u><b>7,587,965</b></u>

Please see accompanying notes to the financial statements.

# Lugert-Altus Irrigation District

Altus, Oklahoma

## Statement of Cash Flows

Year Ended December 31, 2013

### Cash Flow From Operating Activities

Cash Receipts from Customers	\$ 621,742	
Cash Receipts from Bureau of Reclamation	40,632	
Cash Receipts from Miscellaneous Revenue	60,054	
Cash Paid Out for Salaries and Payroll Taxes	(672,862)	
Cash Paid Out for Employee Benefits	(233,709)	
Cash Paid Out to Suppliers	<u>(352,925)</u>	
Net Cash Provided by Operating Activities		\$ (537,068)

### Cash Flow from Investing Activities

Interest Earned	6,834	
Purchased New Assets	<u>(1,131)</u>	
Net Cash Provided by Investing Activities		<u>5,703</u>

Net Increase (Decrease) in Cash and Cash Equivalents (531,365)

Cash and Cash Equivalents, December 31, 2012 2,413,844

Cash and Cash Equivalents, December 31, 2013 \$ 1,882,479

### Adjustments to Reconcile Operating Income to Cash

#### Provided (Used) by Operating Activities

Net Revenue (Loss) from Operations \$ (680,065)

Add (Deduct) Items Not Providing or Using Cash:

Depreciation \$ 198,748

Deferred Income (2,000)

(Increase) Decrease in Current Assets:

Accounts Receivable (72,602)

Prepaid Expense (4,811)

Inventory 17,983

Increase (Decrease) in Current Liabilities:

Accounts Payable 5,679

142,997

Net Cash Provided by Operating Activities \$ (537,068)

Please see accompanying notes to the financial statements.

# **Lugert-Altus Irrigation District**

**Altus, Oklahoma**

**Notes to Financial Statements**

**Year Ended December 31, 2013**

## **Note 1 - Accounting Policies**

The Lugert-Altus Irrigation District (the District) is an irrigation district organized and existing under the laws of the State of Oklahoma and, as such, is a political subdivision of the State of Oklahoma. The principal activities are delivery of irrigation water for agricultural purposes to its members, and flood control. The District operates approximately 300 miles of canals and drainage ditches. The operation of the District is regulated by the policies and standards established by the United States Department of the Interior, Bureau of Reclamation, the Oklahoma Water Resources Board, and other state and federal regulatory agencies.

The accompanying financial statements include all functions and activities over which the District exercises financial accountability. The District is considered a primary government as defined by the Governmental Accounting Standards Board (GASB) and has no other component units within its reporting entity.

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP) of the United States of America. The District is considered a governmental entity as defined by the GASB and applies all relevant GASB pronouncements. Its operations are considered proprietary in nature and therefore, the District has adopted a reporting framework similar to that of proprietary type funds. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

GAAP for proprietary fund types are generally those applicable to similar businesses in the private sector; the measurement focus is on the determination of net income, financial position, and cash flows. All assets, liabilities, equities, revenues, expenses and transfers relating to the government's business, including fixed assets and debt are accounted for in a single proprietary fund rather than a series of funds and account groups.

The principal sources of revenue for the District are water sales and construction and maintenance assessments to its members.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments are stated at cost.

# **Lugert-Altus Irrigation District**

**Altus, Oklahoma**

**Notes to Financial Statements**

**Year Ended December 31, 2013**

Accounts receivable are carried at net estimated value. All trade accounts receivable are considered to be fully collectible because unpaid water sales and assessments become liens against the real estate involved.

Accounts receivable and the corresponding revenues are recognized when billed. Assessment charges are billed in advance and billings for these charges and water usage charges are customarily made in the last quarter of the year.

Penalties and late payment charges are recorded and recognized at the time of collection.

Parts, materials, and consumable supplies are charged to expense as purchased. The District does not record the inventory of unused parts, materials, and consumable supplies on its financial statements. Such inventory is not considered to be material to the financial statements. Inventory of pipe held for sale is recorded on the financial statements.

Prepaid expense consists of the unamortized portion of annual insurance premiums.

For the purposes of the Statement of Cash Flows, the District considers all highly liquid investments (not including restricted assets) with a maturity or availability date of 90 days or less when purchased to be cash equivalents.

As an Oklahoma political subdivision, the District is exempt from federal and state income taxes.

## **Note 2 - Cash and Cash Equivalents**

Cash and cash equivalents include the following accounts:

First National Bank, Sweep Account	\$ 1,588,086
First National Bank, Payroll Account	33,172
First National Bank, Checking Account	16,522
Petty Cash	125
First National Bank, Sinking Fund	18
First National Bank, Project Fund	18
	<u>\$ 1,637,941</u>

The cash on deposit with the First National Bank of Altus, Oklahoma, is covered by F.D.I.C. insurance (up to \$250,000).

The District's cash, deposits, and investments are classified in the following categories:

- A. Insured or collateralized with securities held by the entity or by its agent in the entity's name.

# Lugert-Altus Irrigation District

Altus, Oklahoma

## Notes to Financial Statements

Year Ended December 31, 2013

- B. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- C. Uncollateralized.

	A	B	C	Total
Cash on Hand	\$ 0	\$ 0	\$ 125	\$ 125
Cash in Bank	49,730	1,588,086	0	1,637,816
Total	<u>\$ 49,730</u>	<u>\$ 1,588,086</u>	<u>\$ 125</u>	<u>\$ 1,637,941</u>

### Note 3 - Fixed Assets

Consistent with prior year accounting procedures, the financial statements do not include a provision for depreciation on the irrigation plant real estate.

Total depreciation expense for the current year was \$198,748 which was charged to current operations.

Current year changes in fixed assets were as follows:

Fixed Assets	12/31/2012	Additions	Disposals	12/31/2013
Right of Way	\$ 1,641	\$ 0	\$ 0	\$ 1,641
Irrigation Plant	3,262,188	0	0	3,262,188
Land, Buildings, & Grounds	298,735	0	0	298,735
Station & Shop Equipment	45,883	0	0	45,883
Machinery & Equipment	1,900,176	0	0	1,900,176
Autos, Trucks, & Trailers	831,101	0	0	831,101
Furniture & Fixtures	48,489	1,131	0	49,620
Canal Improvements	2,971,521	0	0	2,971,521
Total	<u>\$ 9,359,734</u>	<u>\$ 1,131</u>	<u>\$ 0</u>	<u>\$ 9,360,865</u>

Fixed assets with a cost of \$500 or more per item are recorded at cost, with depreciation allowances amortized by the straight-line method over the following estimated useful lives of the assets:

Furniture and Fixtures	5-10 years
Computer Equipment	5 years
Vehicles	5-10 years
Earth-moving Equipment	10-15 years

# Lugert-Altus Irrigation District

Altus, Oklahoma

Notes to Financial Statements

Year Ended December 31, 2013

Other Equipment	10 years
Buildings	10-25 years
Canal Improvements	20-40 years

## **Note 4 - Bureau of Reclamation Reimbursements**

The District receives a reimbursement from the United States Department of Interior, Bureau of Reclamation, for a portion of the cost of operating the Altus Dam and Reservoir. This reimbursement is recorded on the books and recognized as revenue in the accounting period in which funds or credits are received. During the year, the District received \$40,632 for reimbursements for expenses paid in 2013.

On October 4, 1993, the District entered into a contract with the Department of the Interior, Bureau of Reclamation, and the Army Corps of Engineers whereby Lugert-Altus Irrigation District will maintain the canal over which the runways and taxiways cross at Altus Air Force Base for a period of 50 years. For this service, the District received \$98,397. The earned revenue will be amortized over the period of the contract, 50 years. Amortization of this reserve for the current year was \$2,000. The unamortized balance at December 31, 2013 was \$58,000.

## **Note 5 - Accounts Payable**

Accounts payable and accrued expenses include the following:

Accounts Payable - Trade	\$ 6,128
Compensated Absence Liability	39,717
Total	<u>\$ 45,845</u>

Accrued expenses include the accrued liability for compensated employee absences in the amount of \$39,717 which includes earned but unpaid annual leave, vacation pay and compensatory wages.

## **Note 6 - Pension Expense**

The District sponsors a defined contribution retirement plan for its employees. The plan covers all full-time employees with 90 days employment on the anniversary date of the plan, which is April 1 of each year.

The District contributes 5% of the employee's gross earnings and each employee may voluntarily contribute up to 5% of the employee's gross salary. Employee contributions are not required. The plan contributions are invested in individual insurance annuity contracts on behalf

# **Lugert-Altus Irrigation District**

**Altus, Oklahoma**

**Notes to Financial Statements**

**Year Ended December 31, 2013**

of the employees. All required contributions were made. Contributions and costs for the current year and two previous years were as follows:

	12/31/13	12/31/12	12/31/11
Employer Contributions	\$ 28,430	\$ 39,667	\$ 43,065
Employee Contributions	6,034	12,656	15,642
Administration Costs	1,300	1,300	1,260
Total	<u>\$ 35,764</u>	<u>\$ 53,623</u>	<u>\$ 59,967</u>

Employer contributions of \$28,430 represent approximately 5% of the total covered payroll of \$622,244. Total gross payroll (excluding accrued compensated absence payroll) was \$622,244.

The plan is administered by:

Qualified Retirement Plan Services  
2217 Silver Crest Drive  
Edmond, Oklahoma 73025

The plan funds are maintained by:

New York Life Insurance Company  
51 Madison Avenue  
New York, New York 10016

## **Note 7 - Comparative Data**

The financial information included herein as of and for the year ended December 31, 2013, is presented for comparative purposes only, and is not intended to be a complete financial statement presentation.

## **Note 8 - Insurance Coverage**

The District maintains the following commercial insurance coverage as protection against possible loss contingencies:

Commercial Automobile Coverage  
Liability  
Uninsured Motorists  
Comprehensive and Collision  
Workers Compensation  
Employer Liability

# **Lugert-Altus Irrigation District**

**Altus, Oklahoma**

**Notes to Financial Statements**

**Year Ended December 31, 2013**

## **Property Insurance**

Construction Equipment

Mobile Home

Computer Equipment

Radio Equipment

Dwelling

Office, Shops, Warehouse

Personal Property

## **Bonds**

Manager

Secretary-Treasurer

Bookkeeper

Field Superintendent

6 Directors (Each)

Pension Plan Compliance



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Lugert-Altus Irrigation District  
Altus, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Lugert Altus Irrigation District as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Lugert Altus Irrigation District's basic financial statements, and have issued our report thereon dated June 20, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lugert Altus Irrigation District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lugert Altus Irrigation District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lugert Altus Irrigation District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lugert Altus Irrigation District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Furrh and Associates, PC*

Furrh and Associates, PC

Lawton, Oklahoma

June 20, 2014

**Lugert-Altus Irrigation District**  
**Altus, Oklahoma**  
**Revenue and Expenditures Compared with Budget**  
**Year Ended December 31, 2013**

	<u>Budget</u>	<u>Current Year Actual</u>	<u>Over (Under) Budget</u>
<b><u>REVENUE</u></b>			
Assessments and Penalties	690,121	694,614	4,493
Other Income/Reimbursements	50,000	100,686	50,686
Interest Income	7,000	6,834	(166)
Water Sales and Penalties	\$ 1,000	\$ 1,730	\$ 730
 Total Revenue	 748,121	 803,864	 55,743
<b><u>OPERATING EXPENDITURES</u></b>			
Salaries and Payroll Taxes	770,000	672,862	(97,138)
Employee Insurance and Pension Expense	285,500	233,709	(51,791)
Depreciation	245,000	198,748	(46,252)
Fuel, Propane, Gas, and Oil	145,000	75,396	(69,604)
Maintenance - Equipment & Radios	80,000	11,813	(68,187)
Insurance and Bonds	65,000	46,509	(18,491)
Weed Control and Chemicals	60,000	40,872	(19,128)
Maintenance - Canals and Laterals	55,000	82,066	27,066
Travel and Entertainment	25,000	21,755	(3,245)
Legal and Accounting	25,000	5,600	(19,400)
Miscellaneous	21,500	22,877	1,377
Maintenance - Dam	20,000	13,379	(6,621)
Maintenance - Pickups & Cars	20,000	11,075	(8,925)
Maintenance - Trucks & Trailers	20,000	4,151	(15,849)
Underground Drainage	10,000	605	(9,395)
Utilities and Telephone	9,500	6,642	(2,858)
Station, Shop, and Welding Expense	8,500	2,473	(6,027)
Office Supplies and Expense	7,200	5,212	(1,988)
Maintenance - Buildings and Grounds	6,000	11,948	5,948
Dues & Subscriptions	2,200	1,903	(297)
Engineering	500	7,500	7,000
 Total Operating Expenditures	 1,880,900	 1,477,095	 (403,805)
 <u>Operating Revenue Over (Under) Expenditures</u>	 (1,132,779)	 (673,231)	 459,548
 <b><u>Debt Service and Capital Expenditures</u></b>			
Interest Expense	0	1,192	1,192
Capital Expenditures	275,000	0	(275,000)
 Total Debt Service & Capital Expenditures	 275,000	 1,192	 (273,808)
 <b><u>Revenue Over (Under) Expenditures</u></b>	 <b><u>\$ (1,407,779)</u></b>	 <b><u>\$ (674,423)</u></b>	 <b><u>\$ 733,356</u></b>

Please see accompanying notes to the financial statements.

**Lugert-Altus Irrigation District**  
**Altus, Oklahoma**  
**Comparative Statement of Assets, Liabilities, and Net Assets**  
**December 31, 2013**

	<u>12/31/12</u>	<u>12/31/13</u>	<u>Increase (Decrease)</u>
<b><u>ASSETS</u></b>			
Cash on Hand and in Banks	\$ 47,664	\$ 49,855	\$ 2,191
Cash - Temporary Investments	2,366,180	1,832,624	(533,556)
Accounts Receivable (Net)	98,906	171,805	72,899
Temp Investments - Due after 90 Days	98,000	98,000	0
Prepaid Expense	49,466	54,277	4,811
Inventory - Pipe for Sale	37,207	19,224	(17,983)
Accrued Interest Receivable	1,038	741	(297)
Furniture and Fixtures (Net)	5,186	4,358	(828)
Machinery and Equipment (Net)	455,324	400,249	(55,075)
Autos, Trucks, and Trailers (Net)	123,718	78,873	(44,845)
Station and Shop Equipment (Net)	6,544	4,942	(1,602)
Land, Buildings and Grounds (Net)	156,966	156,966	0
Canal Improvements (Net)	1,636,346	1,548,917	(87,429)
Right-of-Way	1,641	1,641	0
Irrigation Plant	3,262,188	3,262,188	0
Unamortized Debt Issue Costs	8,342	7,150	(1,192)
	<u>\$ 8,354,716</u>	<u>\$ 7,691,810</u>	<u>\$ (662,906)</u>
Total Assets	<u>\$ 8,354,716</u>	<u>\$ 7,691,810</u>	<u>\$ (662,906)</u>
<b><u>LIABILITIES AND LONG-TERM DEBT</u></b>			
Accounts Payable	\$ 449	\$ 6,128	\$ 5,679
Compensated Absence Liability	39,717	39,717	0
Deferred Income	60,000	58,000	(2,000)
	<u>100,166</u>	<u>103,845</u>	<u>3,679</u>
Total Liabilities	<u>100,166</u>	<u>103,845</u>	<u>3,679</u>
<b><u>Net Assets</u></b>			
City of Altus Equity in Plant	1,080,000	1,080,000	0
Net Assets	7,174,550	6,507,965	(666,585)
	<u>8,254,550</u>	<u>7,587,965</u>	<u>(666,585)</u>
Total Net Assets	<u>8,254,550</u>	<u>7,587,965</u>	<u>(666,585)</u>
Total Liabilities and Net Assets	<u>\$ 8,354,716</u>	<u>\$ 7,691,810</u>	<u>\$ (662,906)</u>

Please see accompanying notes to the financial statements.

**Lugert-Altus Irrigation District**  
**Altus, Oklahoma**  
**Comparative Statement of Revenue and Expenditures**  
**Year ended December 31, 2013**

	<u>Year Ended</u> <u>12/31/12</u>	<u>Year Ended</u> <u>12/31/2013</u>	<u>Increase</u> <u>(Decrease)</u>
<b><u>REVENUE</u></b>			
Assessments and Penalties	692,187	694,614	\$ 2,427
Other Revenue	204,568	28,502	(176,066)
Grant Revenue	136,922	31,552	(105,370)
Bureau of Reclamation Reimbursements	35,981	40,632	4,651
Water Sales and Penalties	\$ 6,180	\$ 1,730	(4,450)
 Total Revenue	 <u>1,075,838</u>	 <u>797,030</u>	 <u>(278,808)</u>
<b><u>EXPENDITURES</u></b>			
Operations and Maintenance			
Salaries	743,563	553,600	(189,963)
Fuel, Propane, Gas, and Oil	89,214	75,396	(13,818)
Weed Control and Chemicals	50,556	40,872	(9,684)
Maintenance - Equipment	34,319	11,633	(22,686)
Maintenance - Canals and Laterals	30,273	82,066	51,793
Underground Drainage	23,938	605	(23,333)
Maintenance - Trucks and Trailers	10,076	4,151	(5,925)
Maintenance - Dam	8,431	13,379	4,948
Maintenance - Pickups and Cars	6,000	11,075	5,075
Station, Shop, and Welding Expense	5,188	2,473	(2,715)
Maintenance - Buildings and Grounds	2,469	11,948	9,479
Maintenance - Radios	2,255	180	(2,075)
 Total Operations and Maintenance	 <u>1,006,282</u>	 <u>807,378</u>	 <u>(198,904)</u>

Please see accompanying notes to the financial statements.

**Lugert-Altus Irrigation District**  
**Altus, Oklahoma**  
**Comparative Statement of Revenue and Expenditures**  
**Year ended December 31, 2013**

	<u>Year Ended 12/31/12</u>	<u>Year Ended 12/31/2013</u>	<u>Increase (Decrease)</u>
<b><u>EXPENDITURES (Continued)</u></b>			
General and Administrative:			
Employee Insurance	236,753	202,416	(34,337)
Salaries	103,841	119,262	15,421
Insurance and Bonds	60,773	46,509	(14,264)
Pension Expense	34,320	31,293	(3,027)
Travel and Entertainment	21,685	21,755	70
Miscellaneous	19,780	22,877	3,097
Office Supplies and Expense	7,269	5,212	(2,057)
Utilities and Telephone	6,796	6,642	(154)
Engineering Expense	0	7,500	7,500
Legal and Accounting	5,600	5,600	0
Dues and Subscriptions	1,844	1,903	59
	<u>498,661</u>	<u>470,969</u>	<u>(27,692)</u>
Total General and Administrative			
Depreciation and Amortization	<u>227,415</u>	<u>198,748</u>	<u>(28,667)</u>
Total Operating Expense	<u>1,732,358</u>	<u>1,477,095</u>	<u>(255,263)</u>
<u>Net Revenue (Loss) from Operations</u>	(656,520)	(680,065)	23,545
<u>Nonoperating Revenue and Expense (Net)</u>	<u>(304,247)</u>	<u>5,642</u>	<u>(298,605)</u>
<b><u>Net Revenue (Loss)</u></b>	<b><u>\$ (960,767)</u></b>	<b><u>\$ (674,423)</u></b>	<b><u>\$ 286,344</u></b>

Please see accompanying notes to the financial statements.

**Lugert-Altus Irrigation District**  
**Altus, Oklahoma**  
**United States Department of the Interior Grant**  
**Revenue and Expenditures Compared with Budget**  
**Year Ended December 31, 2013**

	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>(Over) Under Budget</u>
<b><u>Revenue</u></b>					
Federal Grant	\$ 201,911	\$ 121,813	\$ 10,975	\$ 132,788	\$ 69,123
Matching Funds	210,145	121,813	10,975	132,788	77,357
Total Revenues	412,056	243,626	21,950	265,576	146,480
<b><u>Expenditures</u></b>					
Subcontractors	331,650	174,800	21,950	196,750	134,900
Equipment	30,350	8,000	0	8,000	22,350
Salary and Wages	24,092	26,187	0	26,187	(2,095)
Supplies	20,975	22,393	0	22,393	(1,418)
Travel	2,805	2,474	0	2,474	331
Indirect Costs	2,184	9,772	0	9,772	(7,588)
Total Expenditures	412,056	243,626	21,950	265,576	146,480
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Contract No. R11AP60141/R11AP60091

Please see accompanying notes to the financial statements.

**Lugert-Altus Irrigation District**  
**Altus, Oklahoma**  
**United States Department of the Interior Grant**  
**Revenue and Expenditures Compared with Budget**  
**Year Ended December 31, 2013**

	Budget	Prior Year	Current Year	Total	(Over) Under Budget
<b><u>Revenue</u></b>					
Federal Grant	\$ 97,500	\$ 0	\$ 0	\$ 0	\$ 97,500
Matching Funds	189,550	0	0	0	189,550
Total Revenues	287,050	0	0	0	287,050
<b><u>Expenditures</u></b>					
Subcontractors	10,000	0	0	0	10,000
Equipment	246,050	0	0	0	246,050
Supplies	31,000	0	0	0	31,000
Indirect Costs	0	0	0	0	0
Total Expenditures	287,050	0	0	0	287,050
Revenue Over (Under) Expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Contract No. R12AP60070

Please see accompanying notes to the financial statements.



**Lugert-Altus Irrigation District**  
**Altus, Oklahoma**  
**United States Department of the Interior Grant**  
**Revenue and Expenditures Compared with Budget**  
**Year Ended December 31, 2013**

	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<b><u>Revenue</u></b>				
Federal Grant	\$ 97,500	\$ 0	\$ 17,823	\$ 79,677
Matching Funds	155,928	0	17,824	138,104
Total Revenues	253,428	0	35,647	217,781
<b><u>Expenditures</u></b>				
Subcontractors	239,500	0	35,647	203,853
Salaries and Wages	6,328	0	0	6,328
Equipment	5,100	0	0	5,100
Indirect Costs	2,500	0	0	2,500
Total Expenditures	253,428	0	35,647	217,781
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Contract No. R12AP60069

Please see accompanying notes to the financial statements.

**Lugert-Altus Irrigation District**  
**Altus, Oklahoma**  
**Personnel**  
**As of December 31, 2013**

**Officers and Directors**

James McLeod, Member  
Barry Mock, Chairman  
John Bates, Member  
Carey Pat Wallace, Member  
Robert Robbins, Member  
Mitch Worrell, Vice-Chairman

**Manager**

Tom Buchanan

**Other Management Personnel**

Allen Ensley, Office Manager/Secretary-Treasurer  
Glen D. Barker, Water Master/Dam Superintendent

**Legal Counsel**

Latham, Nelson, and Associates, PC

Please see accompanying notes to the financial statements.